

### SAL Factsheet: Rent Increases

#### How much can I increase my tenant's rent by?

This depends on when the rent increase notice is issued.

#### Notice issued before 1 April 2024

Most rent increases are capped at 3%. There are two scenarios where an increase above 3% is permitted during a tenancy:

1. Landlords can apply to the rent officer for an increase of up to 6% to cover increases in "prescribed property costs" including mortgage interest repayments in the last 6 months. Guidance on how to do this can be [found here](#).
2. For assured/short assured tenancies which have rent increase clauses within the lease, rent increases are permitted to take place to whatever amount is permitted in the lease. If the rent increase clause in the lease has no formula for calculating the increase then the rent can be increased to the open market rental value.

#### Notice issued from 1 April 2024

The landlord can propose an increase of any amount. If the tenant wishes to challenge the increase they can refer it to the rent officer\* who must apply a tapering formula to the increase. If the increase proposed by the landlord is higher than that allowed through the tapering formula then the rent officer\* will set the rent at the lower level. The tapering formula will only apply if the tenant challenges the increase. If they don't then the amount proposed by the landlord will take effect from the end of the notice period.

The tapering formula can be summarised as follows:

- If the gap between the market rent and the current rent is 6% or less, then the landlord can increase the rent by the proposed amount, as long as this is not more than the market level.
- If the gap between the market rent and the current rent is more than 6%, the landlord can increase the rent by 6% plus an additional 0.33% for each percent that the gap between the current rent and market rent exceeds 6%. However, the total rent increase cannot exceed 12% of the current rent.
- Both cases are also subject to the requirement that the rent officer\* cannot set a higher rent than that requested by the landlord.

Some worked examples of how this will operate can be [found here](#). The government has published an online calculator to help inform landlords and tenants what rent would be set by the rent officer\*, if they enter figures for the current rent, the proposed rent and their assessment of the market rent for the property. The calculator can be [found here](#).

To work out market rent look at what rents comparable properties are being marketed at, or seek advice on rental value from a local letting agent.

The above procedure does not apply to assured and short assured tenancies which contain a rent increase clause in the lease. The rent for these types of tenancies can be increased to whatever amount is permitted in the lease. If the rent increase clause in the lease has no formula for calculating the increase then the rent can be increased to the open market rental value.

The above procedures only apply to mid-tenancy increases. There is no restriction on how much landlords can increase rents by between tenancies.

\* for assured or short assured tenancies the rent officer duties set out above are performed by the tribunal

### How do I notify my tenant of a rent increase?

If your tenant is on a PRT, they have to be given 3 months' notice of a rent increase using a prescribed form which can be [found here](#) (please note this template will be amended towards the end of March and the new version should be used for any notices issued from 1 April 2024 onwards). The notice should be issued using whatever method of delivery has been agreed in the "communication" section of the lease. If it is being sent by email or recorded delivery you need to add 48 hours to the notice period for delivery time.

If your tenant is on a SAT you should look through the tenancy for a rent increase clause and if there is one, follow the agreed procedure set out there. This will usually require the landlord to give 1-2 months notice of a rent increase. You can use SAL's [rent increase letter template](#) to communicate the rent increase to your tenant. This should be sent by recorded delivery or sheriff officers although a duplicate copy could also be sent by email.

If your tenant is on a SAT which doesn't have a rent increase clause the procedure you need to follow is more complex. To force the rent up you would need to issue a [Notice to Quit](#) ending the contractual tenancy on an ish date (you usually need to give at least 2 months' notice) and also an [AT2](#) notice giving 6 months' notice of the rent increase coming into force. The AT2 must bring the rent increase into force after the end date on the Notice to Quit. The notices should be sent by recorded delivery or sheriff officers although a duplicate copy could also be sent by email.

Instead of using the Notice to Quit/AT2 procedure, you could try to negotiate an increase with your tenant and if they are agreeable to the rent going up you could, with their agreement, [end the current lease](#) and set up a [new PRT lease](#) at the higher rent.

### How often can I do a rent increase?

If your tenant is on a PRT, the first rent increase can be carried out at any time after the start of the lease but thereafter the rent cannot be increased more frequently than once a year.

If your tenant is on a SAT with a rent increase clause then there is no restriction on rent increase frequency unless there is one stated in the rent increase clause.

If your tenant is on a SAT without a rent increase clause then the Notice to Quit/AT2 procedure can be used to increase the rent once a year.

### Rent Pressure Zones

There are currently no Rent Pressure Zones (RPZs) in Scotland. RPZs can be designated by Scottish Ministers only in extreme circumstances where there is evidence that rents are increasing by too much and in doing so are causing undue hardship to tenants and putting pressure on the local authority to provide housing or subsidise the cost of housing. A RPZ puts a limit on how much a landlord can increase the rent of tenants on PRTs by. The limit must be at least 1% above the Consumer Prices Index (CPI).

SAL members receive free advice from the SAL helpline  
via 0131 564 0100 or by email [advice@scottishlandlords.com](mailto:advice@scottishlandlords.com)

This document is only for the use of landlord and agent members of the [Scottish Association of Landlords](#) (SAL). It must not be reproduced or published in whole or in part without the prior written consent of the Scottish Association of Landlords.